

State Procedure 1 - General

Actuarial

Supplement 1 (Tobacco)

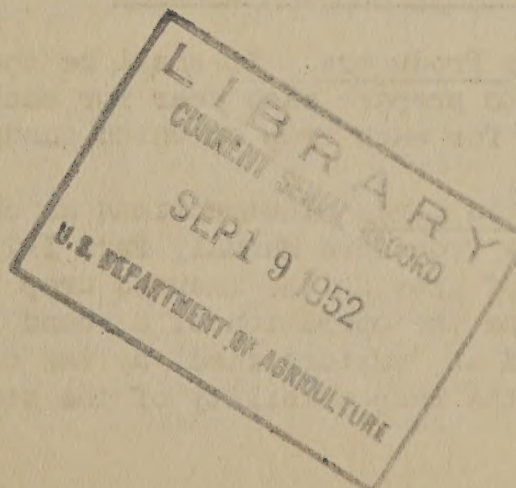
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FCI STATE OFFICE PROCEDURE MANUAL

STATE CROP INSURANCE DIRECTOR ACTUARIAL PROCEDURE

This supplement to the State Office Procedure is applicable only to tobacco insurance counties where coverages are established on the ownership plan. It will be in effect for 1953 and succeeding crop years and will remain in effect until revised or superseded. This supplement revises Section I of the General Procedure for counties using the ownership plan. Sections II, III, IV and V of the General Procedure will be applicable to these counties.



SECTION I - RESPONSIBILITY AND FUNCTIONS OF THE STATE DIRECTOR DURING
INSTALLATION OF THE OWNERSHIP PLAN AND IN MAKING REVISIONS
ON THE TOBACCO CROP INSURANCE MAPS OR COVERAGE GROUPS

A. RESPONSIBILITY

1. General. The responsibility of determining that the coverage and rate structure under the ownership plan in each county is acceptable to the Corporation is assigned to the state crop insurance director. Accordingly, it shall be the responsibility of each director (or his supervisor if assigned to this work) to review the provisions of the County Procedure Manual with the county committee before any work on coverages and rates is started in the county office. Work performed by county committees and county office personnel must be instituted and closely followed by the state director or his supervisor. The state director or his supervisor shall be responsible for informing personnel in each county office of the background of the ownership plan. This person shall initiate the work in each county office and should arrange to make periodic checks as the work progresses to determine that the applicable procedure is being followed. In order that each phase of the work may be accurately completed, the director and supervisor must be thoroughly familiar with provisions of the FCI County Procedure Manual, Part I-T, County Actuarial Procedure.
2. Local Purchase of Necessary Materials. As provided in the County Actuarial Procedure Manual, the state director and county committee shall determine the type of maps to be used in each county for recording the final premium rate areas. Such maps shall be furnished each county by the Corporation. If it becomes necessary to purchase engineer's maps or other office supplies required for performing the work, the state director shall purchase such supplies locally and request the vendor to claim reimbursement on a Standard Form 1034 Voucher which must be initialed by the director. In the event that the vendor demands cash payment, the director is authorized to pay cash, but must obtain a receipt showing the quantity and cost of each kind of office supplies purchased for each county. Such payment may be made from petty cash funds, if available. Form 1012 shall be used to claim reimbursement for this expenditure and must be accompanied by the vendor's receipt, together with a statement that cash payment was demanded.
3. Elimination of Poor Insurance Risks
 - a. Ineligible Producers. It shall be the responsibility of the state director to prepare each year for each county a list of ineligible producers for each crop on which insurance is offered in the county.
 - b. Unclassified Land. Instructions as outlined in Section II-B of the FCI County Procedure Manual, Part I-T, provide that any land on which the risk of growing the insured crop is so great or so uncertain as to preclude the operation of a sound insurance program shall be designated as "unclassified" by the county committee. However, it shall be the responsibility of the state director to ascertain that

all such land in the county has been so designated and identified on the Tobacco Crop Insurance Maps (FCI-33-T(0)) before approving them for the Corporation

The state director shall determine that any Form FCI-33-T, Supplement 1, Supplemental Listing of Unclassified Acreage, is prepared in accordance with instructions outlined in Section II of the FCI County Actuarial Procedure, Part I-T and all acreage listed thereon is clearly identified.

Whenever a supplemental listing is prepared for a county, the Crop Insurance Map (FCI-33-T(0)) shall be stamped by the state director with the following stamp:

SEE SUPPLEMENTAL LISTING OF UNCLASSIFIED ACREAGE

This supplement will be a part of Form FCI-33-T(0), Crop Insurance Map, and all instructions regarding the approval, revision, or use of the Form FCI-33-T(0) shall be equally applicable to the supplemental listing.

B. FUNCTIONS

1. Preliminary Review of Actuarial Work

Before final determinations of coverage groups or premium rate areas are made by the county committee, the director or his supervisor shall review all preliminary work completed in the county office to determine that:

- a. All necessary materials, including aerial photo indexes, or other types of maps for making area determinations, have been furnished the county office.
- b. A Map of Crop Insurance Experience has been properly prepared for each year, beginning with 1945, and all such maps have been returned to the county office prior to beginning of the actuarial work.
- c. Any land on which 75 percent of the average yield is less than the coverage established for the area has either been designated "unclassified" or given a lower coverage. This is necessary in order to comply with provisions of the Federal Crop Insurance Act.
- d. Proper consideration has been given to annual tobacco yields on land owned by the landowner, quality of tobacco produced and general knowledge of the owner's ability to produce tobacco in establishing coverages for landowners and that coverages established are in proper relationship considering these factors.
- e. A concerted effort has been made to locate and identify on Form FCI-33-T(0), Crop Insurance Maps, high risk areas which should be given a high premium rate or designated "unclassified" if it is impossible to determine the insurance risk involved over and above the

average land risk in the county. In addition, it should be determined that proper consideration has been given to all significant hazards such as flood, erosion, poor drainage, or other conditions which materially affect the insurance risk.

- f. A record or file is maintained with respect to revisions needed in the actuarial basis for the succeeding crop year.

2. Final Review of Coverage and Premium Rate Determinations

Before final approval of coverage and premium rate determinations is given by the state director, it will be necessary to review all work performed by the county committee to determine that:

- a. Coverages established for landowners are in proper relationship considering their experience in growing tobacco, yields and quality of tobacco produced.
- b. Full consideration has been given to all factors which in any way would affect proper determination of premium rate areas.
- c. Premium rate areas have been properly and distinctly outlined and identified on the Forms FCI-33-T(0), Tobacco Crop Insurance Maps, in order that usable photocopies may be prepared.
- d. The difference in coverage between areas has been established in accordance with provisions set forth in FCI County Procedure Manual, Part I-T.
- e. The difference in premium rate between areas has been established in accordance with provisions set forth in FCI County Procedure Manual, Part I-T.
- f. Careful consideration has been given to any land in the county which should be designated "unclassified" in accordance with requirements.

C. APPROVAL OF FORMS FCI-32-T, FCI-33-T(0), FCI-34-T(0) AND FCI-35-T(0)

1. FCI-32-T

When Form FCI-32-T, Tobacco Crop Insurance List, (mimeograph stencils) is completed, the state director shall indicate his approval of the forms by initialing each stencil in the space following the words "Approved by" and entering the date of approval in the space provided.

The state director shall arrange for running sufficient copies of the list for use in selling insurance, adjusting losses and other distribution as provided in Section III.

2. FCI-33-T(0)

a. Counties in which the ownership plan was established in prior years.

A rubber stamp has been furnished the state director for use in approving previously approved Tobacco Crop Insurance Maps (FCI-33-T(0)) which will be applicable to the succeeding crop year. Each such map, aerial photo index, or other types of map, shall be stamped with the stamp containing the following information:

FEDERAL CROP INSURANCE CORPORATION		
Premium rate areas shown on this map are applicable to the crop years as approved below:		
CROP YEAR	APPROVED BY	DATE

This stamp shall be placed in a prominent spot on the Tobacco Crop Insurance Map, preferably near other stamps now appearing on the map. For approving maps not previously stamped with this stamp, enter the applicable year on the first line under "Crop Year" and sign and date in the two remaining spaces. For approving maps which were previously stamped with this stamp, enter on the next succeeding unused line the applicable year under "Crop Year" and sign and date in the two remaining spaces.

Approval of previously approved Crop Insurance Maps (FCI-33-T(0)), which are to remain unchanged for the succeeding crop year may be made by the district supervisor, if he is assigned this responsibility by the state crop insurance director.

For voiding Tobacco Crop Insurance Maps (FCI-33-T(0)) for which new maps have been prepared for the succeeding crop year, each such map to be voided shall be stamped with the stamp previously furnished the state director which contains the following information:

FEDERAL CROP INSURANCE CORPORATION	
This map NOT APPLICABLE to the _____ and succeeding crop years.	
VOIDED	
By _____	Date _____

This stamp shall be placed in a prominent spot on the Crop Insurance Map being voided. Enter the applicable crop year in the space provided on the first line of the stamp and sign and date in the two remaining spaces. A file of voided maps identified as "Tobacco Crop Insurance Maps (FCI-33-T(0)) Voided for _____ and Succeeding Crop Years" shall be maintained by years in both the county and state offices. Under no circumstances are these voided maps to be altered. Such maps are the official records of areas established for the preceding crop year. No Tobacco Crop Insurance Maps shall be destroyed without prior permission from this office.

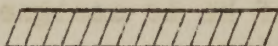
For approving new Crop Insurance Maps (FCI-33-T(0)) for use in succeeding crop years (maps prepared to replace voided maps), each such map shall be stamped with the stamp previously furnished the state director which contains the following information.

FEDERAL CROP INSURANCE CORPORATION		
FCI-33-_____	Crop Insurance Map	
Map No. _____	Approved _____	Date _____

This stamp shall be placed in a prominent spot on each new map. Enter in the spaces provided on the first line opposite "FCI-33-_____" the letters "T(0)" and immediately preceding "Crop Insurance Map", the crop year to which such map will first be applicable.

Each new map shall be assigned the same number as assigned to the voided map which it replaces. Approval of new maps by the state director shall be made by initialing in the space provided and entering the date of such approval.

In the vicinity of the above stamp, the state director shall also stamp each new Crop Insurance Map (FCI-33-T(0)) with the stamp previously furnished him which contains the following information:

	Coverages and Premium Rates Not Established on Land so Designated.
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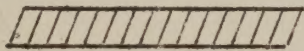
b. Counties in which the ownership plan is established for the first time

Before approval of the Crop Insurance Maps (FCI-33-T(0)) is granted by the state director he shall ascertain that all maps for the county have been properly completed and identified. In this connection a careful check shall be made to determine that area division lines, area numbers, and unclassified land are clearly indicated on the maps. In addition, it shall be determined that all areas have been properly numbered in accordance with provisions outlined in the County Procedure Manual, Part I-T. Approval of these maps shall be made by stamping each such map with the stamp previously furnished the state director which contains the following information:

FEDERAL CROP INSURANCE CORPORATION		
FCI-33_____	Crop Insurance Map	
Map No. _____	Approved _____	Date _____

This stamp shall be placed in a prominent spot on each crop insurance map. Enter in the space provided on the first line opposite "FCI-33" the letters "T(0)" and immediately preceding "Crop Insurance Map", the crop year to which such map will first be applicable. The maps shall be numbered consecutively beginning with number 1 and continuing until all maps are numbered. Approval by the state director shall be given by initialing in the space provided and entering the date of such approval.

In the vicinity of the above stamp the state director shall also stamp each Crop Insurance Map (FCI-33-T(0)) with the stamp previously furnished him which contains the following information:

	Coverages and Premium Rates Not Established on Land so Designated.
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c. Size of Crop Insurance Maps (FCI-33-T(0))

Before the above forms are approved by the state director he shall review each map to determine if it is necessary to cut the map in sections for photocopy. The following table of sizes shall be the guide in making this determination:

- (1) Any map to be photocopied to actual size shall not exceed dimensions of 18" x 24".
- (2) Any map to be photocopied to a reduced size shall not exceed dimensions of 35" x 47".

The above dimensions shall include the county boundary lines as well as the name of the county, the map identification as to form number and the state director's approval stamps. Any map in excess of 35" x 47" must be cut into sections.

Any map which is cut to meet the above dimensions shall have each section identified as to the county and state name and the form number. In cutting the map, recognized boundary lines should be followed, where possible. Each section must have all areas properly identified in order that it will be a complete map within itself. The state director shall also approve each section. Care must be used in ordering maps which will be reduced in size when photocopied. Reduced maps should not be ordered if the reduction makes them illegible.

3. Form FCI-34-T(0)

Form FCI-34-T(0) shall be reviewed to ascertain that the acres used for weighting for coverage groups and premium rate areas are accurately determined and that the proper acreage has been used in determining the maximum coverage and minimum premium for the county. A check shall be made to determine that the coverage and premium rate extensions have been correctly computed and that the sum of coverage extensions does not exceed the maximum coverage for the county and the sum of premium rate extensions is not less than the minimum premium for the county. It shall also be determined that the correct number of ineligible producers has been entered in the space provided on the form.

4. Form FCI-35-T(0)

The state director shall determine that Form FCI-35-T(0) has been accurately and properly prepared. In this connection it shall be determined that the coverages in the final stage of production and the area premium rates are in exact agreement with the coverages and premium rates shown on Form FCI-34-T(0). Also, a check shall be made to ascertain that the coverages in the early stage of production have been determined in accordance with provisions of the FCI County Procedure Manual, Part I-T.

5. Maps of Crop Insurance Experience

The state director shall review the Maps of Crop Insurance Experience to determine that they have been prepared in accordance with provisions of the FCI County Procedure Manual, Part I-T. These maps shall then be transmitted to the Branch office for photocopy. A photocopy shall be furnished each county office and the original retained in the state office.

6. Review by Representative of the Underwriting Division and Approval by State Director

When all actuarial work for a county has been completed, the required forms shall be reviewed by a representative of the Underwriting Division. After these forms have been recommended for the Corporation's approval by a representative of the Underwriting Division, the state director shall, if acceptable to him, approve such forms for the Corporation by signing and entering the date of approval in the spaces provided at the bottom of each form.

D. TRANSMITTAL AND DISPOSITION OF FORM FCI-32-T, FCI-33-T(0), FCI-34-T(0) AND FCI-35-T(0)

After all forms for a county have been approved by the state director, Forms FCI-33-T(0), FCI-34-T(0) and FCI-35-T(0) shall be forwarded to the Washington office for photocopying. The state director shall request the number of copies of each form needed for sales, acreage reports, Maps of Crop Insurance Experience, and loss adjustment work at the time these forms are transmitted.

After the originals and requested photocopies of Forms FCI-33-T(0), FCI-34-T(0), Supplement 1, FCI-34-T(0) and FCI-35-T(0) have been returned to the state office, the state director shall review the photocopies of Forms FCI-33-T(0)

to determine that they are sufficiently legible for use in sales, acreage report and loss adjustment work. In the event such photocopies are not legible, the original Forms FCI-33-T(0) and illegible photocopies thereof shall be forwarded direct to the Branch office for rephotocopying in sufficient number to replace the illegible copies. The original and the required photostatic copies of Forms FCI-34-T(0) and FCI-35-T(0) shall be forwarded to the county office by the state director. A negative copy of each Form FCI-34-T(0) and FCI-35-T(0) shall be retained for the files of the state office. With the exception of counties using photo indexes or enlargements, the original copies of all Forms FCI-33-T(0) and FCI-33-T(0), Supplement 1, when prepared, will be filed in the state office and the required number of photostatic copies furnished the county office. For counties using photo indexes or enlargements, the original copies of all Forms FCI-33-T(0) and FCI-33-T(0), Supplement 1, when prepared, together with the required number of photostatic copies, shall be transmitted to the county office. A negative copy of each of these forms should be retained for the files of the state office.

After copies of Form FCI-32-T are run, the state director shall furnish the Washington office with one copy and forward the Branch office five copies. One copy of FCI-32-T shall be filed by the state director and the remaining copies forwarded to the county office.

E. REVIEW OF DISTRIBUTION OF INSURANCE PARTICIPATION

The state director, or his supervisor, shall review the latest Map of Crop Insurance Experience for each county prior to the start of each sales campaign to determine that the insurance participation is properly distributed over the county. It is very important from a risk standpoint that insurance participation is not unduly concentrated. Therefore, it is the responsibility of the state director to see that participation is properly distributed over the county to avoid selectivity and undue catastrophic risk.

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FCI STATE OFFICE PROCEDURE MANUAL
STATE CROP INSURANCE DIRECTOR ACTUARIAL PROCEDURE

SECTION I - RESPONSIBILITY AND FUNCTIONS OF THE STATE DIRECTOR DURING
INSTALLATION OF THE AREA PLAN AND IN MAKING REVISIONS ON
THE CROP INSURANCE MAPS

Section D of the above procedure, Revised December 10, 1952, is hereby amended by adding the following:

2. Assembly of Official County Actuarial Files. In order to facilitate the proper maintenance of actuarial forms in county offices, the state director will each year assemble a folder of county actuarial material for that year for each county. Inasmuch as this material constitutes a legal part of the insurance contract, this file must be maintained at all times in the county office and must not be removed therefrom.

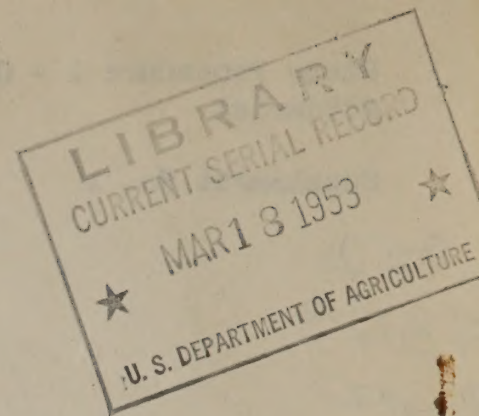
In addition to inserting the name of the county and the program, each folder shall be stamped with the following stamp:

OFFICIAL COUNTY OFFICE COPY
19__ CROP INSURANCE ACTUARIAL FORMS
Not to be removed from County Office

In addition, each form included in the file will be stamped with the following stamp:

OFFICIAL COUNTY OFFICE COPY

3. Material to be Included Within Official County Actuarial File. With the exception of counties using photo indexes or enlargements for Form FCI-33 the following material properly approved as shown above will be assembled annually for each county file.



- a. Form FCI-33
- b. Form FCI-33-Supplement I (Where applicable)
- c. Form FCI-34
- d. Form FCI-35
- e. Form FCI-35-Supplement I (If applicable, but not available when file is prepared, one copy will be stamped "Official County Office Copy," and transmitted to the county office with instructions to insert the form in the county office file immediately on receipt.)
- f. Form FCI-35-B-Supplement I, Fixed Price Schedule for Beans.
- g. Form FCI-32-T (For Tobacco Ownership Counties Only)

The official folder for counties using photo indexes or enlargements for Form FCI-33 will contain all of the forms listed above except Form FCI-33. Form FCI-33 placed on photo indexes or enlargements are usually too bulky to be included in the official county folder and may be maintained elsewhere in the county office. Therefore one copy of this form will be stamped, "Official County Office Copy" and will, along with the county folder, be retained in the county office at all times.

4. Approval of Forms and Maintenance of Official County Actuarial Folders.
It will be the responsibility of the state director to determine that the approved folder is on file in the county offices at least 15 days before the cancellation date and remains on file in the county office until its destruction is authorized. Under no circumstances will any of the material in these files be removed or altered in any way during the current or subsequent years.

It will be necessary for the state director to retain a supply of photo static copies of Forms FCI-33 for use in preparing the official county actuarial files when the Form FCI-33 is not revised from the previous year. Only the official file copy of Form FCI-33 included in the county actuarial folder need be approved. If additional copies are needed, it will be necessary for these maps to be approved by the state director or his representative before they may be considered as official copies. All copies of these maps, replaced by revised maps, except the official file copy will be voided or destroyed.

For counties using photo indexes or enlargements only the Form FCI-33 stamped "Official County Office Copy" will be approved each year by the state director or his representative. When this map is revised the old official county office copy and any additional copies thereof will be voided or destroyed.